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Third annual progress report on the strategic heritage plan of the United Nations Office at Geneva

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions considered an advance copy of the report of the Secretary-General on the strategic heritage plan of the United Nations Office at Geneva (A/71/403 and Corr.1). During its consideration of the report, the Advisory Committee met representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 3 November 2016.

2. The report of the Secretary-General, submitted pursuant to section V of General Assembly resolution 68/247 A, section III of Assembly resolution 69/262 and section X of Assembly resolution 70/248 A, addresses the requests made by the Assembly in its resolutions and the comments and recommendations made by the Advisory Committee in its previous report (A/70/7/Add.8). The Secretary-General provides updated information and proposals on significant aspects of the implementation of the strategic heritage plan project, including the project's governance, cost plan and financing.

3. The comments and recommendations of the Advisory Committee on specific updates and proposals by the Secretary-General in respect of the project's implementation are contained in section II of the present report. Sections III and IV provide the comments and recommendations of the Committee on the project costs and financing, respectively, and section V provides the Committee's observations on other considerations. Section VI contains a summary of the Committee's overall conclusions and recommendations.

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II. Implementation of the strategic heritage plan project

4. The Advisory Committee recalls that the General Assembly, in section X of its resolution 70/248 A, approved the proposed project scope, schedule and estimated cost of the strategic heritage plan in the maximum amount of SwF 836.5 million for the period from 2014 to 2023 and therefore authorized the renovation and construction phases of the project to begin. The Secretary-General indicates that the project continues to be implemented in accordance with the previously established key project objectives and in line with the overall schedule and the approved maximum overall cost (A/71/403, paras. 21 and 23). He also indicates that his report summarizes the planning and related actions accomplished under the project to date (ibid., para. 4). **The Advisory Committee recalls that the General Assembly, in section V of its resolution 68/247 A, requested the Secretary-General to submit annual progress reports on the implementation of the strategic heritage plan and considers that those reports should clearly indicate the start and end dates of the period for which progress is reported.**

A. Project governance and oversight

5. Pursuant to section X, paragraphs 7, 8 and 11, of General Assembly resolution 70/248 A, the Secretary-General provides updated information on the project governance, including the roles and responsibilities of the Steering Committee and the Advisory Board in the overall governance framework and the role of a risk management firm in providing independent project assurance (ibid., paras. 7-15). The Advisory Committee enquired as to the actual contributions made thus far by these components of the project governance framework.

6. The Advisory Committee was informed that the Advisory Board had made recommendations to the project owner in respect of matters relating to project financing and had endorsed the views of the Secretary-General regarding the valorization of land owned or occupied by the United Nations Office at Geneva (UNOG) and regarding the utilization of any income that might be generated consequent to such valorization (see also sect. IV). The Committee recalls that the Board was constituted to provide independent and impartial advice to the Director-General of UNOG as project owner on matters concerning the project's performance with regard to its budget, scope, schedule, the management of risks and the preservation of heritage, to ensure that the project would meet its objectives (see A/70/7/Add.8, para. 12). **The Advisory Committee is of the view that the role of the Advisory Board is limited to providing advice to the project owner.**

7. The Advisory Committee was also informed that, at the early, pre-construction stage of the project, the Steering Committee had emphasized the project scope and provided its views on such matters as security, space efficiency and the possibility of attracting additional tenants, and that the project team had taken those views into consideration. The Advisory Committee was informed that the independent risk management firm had identified specific risks, such as stakeholder management and potential scope increases, procurement processes and timelines, the conditions of the existing buildings and impact of unforeseen field conditions and conflicts with existing building operations. It was also informed that the identification of such

risks had led the project team to seek measures to minimize their impact, should they occur.

8. The Advisory Committee recalls that the General Assembly, in section III of its resolution 69/262, stressed the importance of ensuring effective governance and oversight with regard to the implementation of the strategic heritage plan at the earliest stages of the project and emphasized the importance of ensuring integrated and independent project assurance. **In this respect, the Advisory Committee considers that the Secretary-General should, from an early stage of the project's implementation, ensure that the project governance mechanisms are effective in monitoring the project's progress in reaching its key milestones within the approved time and budget and that the independent project assurance function continues to identify new risks as they emerge, along with plans for mitigating such risks. The Committee looks forward to receiving updated information in this regard in the context of future progress reports of the Secretary-General.**

I. Dedicated project management team

9. Within the dedicated project management team, the Secretary-General proposes enhancing the capacity of the operational experts by establishing an additional position of Procurement Officer (P-4) as from 1 January 2017 (A/71/403, paras. 18 and 149 (d)). In the supplementary information provided to the Advisory Committee, it is indicated that the additional position would be funded from within the maximum approved budget for the project by reducing the duration of some of the posts in the last year of the project (see also table 3). It is also indicated in the supplementary information that the team of operational experts currently includes one position of Procurement Officer (P-4). In his report, the Secretary-General indicates that the additional position is requested to ensure that the required procurement actions are carried out in strict accordance with United Nations procurement policies and within the established timelines, given that procurement is among the highest risk areas identified for the project (A/71/403, para. 18). The Committee recalls that, pursuant to section V of General Assembly resolution 68/247 A, the Secretary-General had proposed three distinct components of the dedicated project management team: a project management team, dedicated operational experts and contracted external expertise for short-to-medium terms (see A/69/580, paras. 33-43). The Committee also recalls that, by section V of its resolution 68/247 A and section III of its resolution 69/262, the Assembly had approved 19 positions for the dedicated project management team: 14 for the team and 5 for operational experts.

10. The Advisory Committee was informed, upon enquiry, that the project entailed a substantial procurement and contracting workload relating to specific activities, such as enabling works for the new building, insurance, designing and renovation, demolition of building E, waste disposal, cleaning and site security. The Committee was also informed that, in view of the slippage in schedule with regard to procurement actions that had already occurred, the current procurement and contracting workload could not be met by the current Procurement Officer. Furthermore, the Committee was informed that the Procurement and Contract Units of UNOG lacked sufficient capacity to support the project's procurement processes. **The Advisory Committee recommends approval of the proposed establishment**

of one position of Procurement Officer (P-4), to be funded from within the maximum approved budget for the strategic heritage plan project. In this connection, the Committee reiterates that the General Assembly, in section III of its resolution 69/262, reaffirmed that the project team was a time-limited and mission-specific endeavour and that the team should therefore not be a permanent addition to the existing structure of the Organization.

2. Board of Auditors

11. The Secretary-General indicates that the recommendations contained in the report of the Board of Auditors on the strategic heritage plan (A/70/569) have either been fully implemented or are in progress and pending final implementation (A/71/403, para. 16). The Advisory Committee notes that the above-mentioned report of the Board was its initial report on the strategic heritage plan and in that connection recalls the Board's observation that that report provided an opinion only on the robustness of the processes to arrive at the budget. The Committee recalls that the Board noted that it would produce five reports, including the initial report, linked to the proposed schedule of works that would provide appropriate external oversight assurance at key decision points. The Board also noted that, in non-reporting years, it would continue to monitor the progress of the project and, if any significant issue were to arise, it would be covered in volume I of the report of the Board or some other output for the Committee and the General Assembly (A/70/569, para. 3). The Committee notes that the Board has not provided specific observations in respect of the implementation of the strategic heritage plan in its most recent report (A/71/5 (Vol. I)). **The Advisory Committee reiterates the importance of continuous assurance from the Board of Auditors as to the soundness of the governance framework, internal controls and management practices of the project to provide reasonable confidence to the Member States that the resources appropriated are used in the furtherance of the project objectives and in the best interests of the Organization (see A/70/608, para. 28).**

B. Project progress

12. The Secretary-General indicates that, during the reporting period, significant progress was made in the planning and design activities of the project and provides a brief description of the completed and ongoing activities. According to the Secretary-General, the detailed design for the first phase of the project (construction of the new permanent building) was completed in the first quarter of 2016, as planned. He provides architectural and technical details regarding the construction of that building and the renovation work for the existing buildings[1] A and B1. He also indicates that, in accordance with construction industry practice, at the end of the design stage, more technical aspects of the design still required further development, including designs by specialists (A/71/403, paras. 22-26).

13. The Secretary-General indicates that, upon the completion of the detailed design, work relating to the technical design and the preparation for tender documentation began early in 2016, of which 50 per cent was completed in June

[1] The Palais des Nations comprises a historic building complex, which includes buildings A to E and S.

2016, in conformity with the predefined contractual milestone. He also indicates that, in parallel to the technical design phase, a voluntary construction permit application was submitted to the local cantonal authorities, and confirmation of voluntary compliance with Swiss building codes and standards was expected to be received for the new building before the issuance of the tender for the new construction (ibid., paras. 27-28).

1. Flexible workplace strategies and space efficiency

14. Pursuant to section X, paragraphs 13 and 15, of General Assembly resolution 70/248 A, the Secretary-General provides updated plans regarding the study of space efficiency gains and implementation of flexible workplace strategies in the new and existing buildings. He indicates, among other things, that, to test a flexible workplace environment, a pilot programme will be designed, to be used both as a mock-up for technical requirements and as a change management tool for stakeholder communication and feedback. He also indicates that, to accurately forecast potential space efficiency gains, the project team will commission a study on the utilization of existing space, using the same consultancy firm that conducted a similar study at Headquarters. Upon the completion of this study, the project team will be able to define a space efficiency ratio, specific to UNOG and relating to flexible workplace strategies, and determine the possibility of increasing the number of staff accommodated within the Palais des Nations by more than the 25 per cent currently envisaged (ibid., paras. 30-38). **The Advisory Committee notes that a flexible workspace[1] has begun to be implemented in the Organization and that there is in-house expertise to provide advice in this regard. The Committee is therefore of the view that consultants should not be required to study the utilization of existing space at UNOG and recommends against the use of consultancy services in this respect (see A/70/7/Add.45 and A/71/570, para. 30).**

15. Upon enquiry, the Advisory Committee was informed that, as part of lessons learned from the continuing implementation of the flexible workplace strategies project in New York, it was considered essential to await the completion of the space utilization study and the ensuing change management process before making any further projections on possible space efficiency gains. The Committee was also informed that updated information in this regard would be presented to the General Assembly in the next annual progress report on the strategic heritage plan. In this connection, the Committee recalls that the report of the Secretary-General on progress on the implementation of a flexible workplace at Headquarters (A/70/708) and the related report of the Committee (A/70/7/Add.45) are currently before the Assembly (see also A/71/541, para. 21).

2. Measures to eliminate physical, communications and technical barriers to persons with disabilities

16. The Secretary-General indicates that a full indoor accessibility plan was part of the original scope of the project and was included in its design. The Advisory Committee was informed, upon enquiry, that an accessibility master plan, in

[1] See paragraphs 5-8 of the report of the Secretary-General (A/68/387) for definitions of "flexible working arrangements", "flexible workplace", "alternative workplace (or workspace) strategies" and "flexible working".

compliance with the Swiss building codes, had been established at an early stage in the planning and development of the strategic heritage plan to ensure the full accessibility of the Palais des Nations. Pursuant to section X, paragraph 30, of General Assembly resolution 70/248 A, the Secretary-General indicates that a specialist consultancy firm has prepared an implementation plan for outdoor and indoor accessibility that was shared with the strategic heritage plan working group on disability, and the group's feedback has been integrated into the successive design stages. According to the Secretary-General, the outdoor accessibility plan, although not originally included in the project scope, could now be partially included; nevertheless, the Committee was informed that this does not constitute an optimal solution for outdoor accessibility. The Secretary-General indicates that the strategic heritage plan project team participates regularly in meetings held by the Committee on the Rights of Persons with Disabilities and the United Nations Interdepartmental Task Force on Accessibility (A/71/403, paras. 45-48). **The Advisory Committee commends UNOG for the efforts made thus far towards eliminating barriers to persons with disabilities and looks forward to receiving updates in this regard in future progress reports of the Secretary-General.**

Information and communications technology strategy

17. The Secretary-General indicates the steps envisaged for providing the appropriate information and communications technology (ICT) infrastructure in the new and renovated buildings, taking into account the approved ICT strategy. He, in view of the continuous innovations that lead to the evolution of technology, highlights the need to ensure that the ICT equipment delivered to the users at the end of the project is adequate and scalable to evolving elements in the future (ibid., paras. 50-53). Upon enquiry as to the current allocation of the ICT budget between the strategic heritage plan and UNOG, the Advisory Committee was informed that the ICT requirements estimated under the strategic heritage plan budget amounted to $27.8 million and covered such ICT components as fully functional workspaces within the new and existing buildings, including network infrastructure (i.e., the structured cabling system, the core and backbone active network equipment and the Wi-Fi network). The ICT requirements estimated under the UNOG budget amounted to $400,000 for the period 2018-2019 and would cover end-user equipment such as telephones, personal computers and screens and some enhancements to back-office systems. The Committee provides its observations on matters relating to the ICT strategy in its report on that subject.

3. Project schedule

18. The Secretary-General indicates the forthcoming project milestones and in that context summarizes the changes to the project schedule in comparison with the schedule contained in his previous progress report (A/70/394 and Corr.1). The revised schedule is reflected in figure I of his report and includes a comparison with the schedule contained in his previous progress report. The changes indicated are as follows (A/71/403, paras. 55-56):

(a) The construction of the new building has been separated into two contracted work packages: enabling work (site preparation) and construction;

(b) The overall duration of the new building work has been increased by 10 months owing to the further development of the technical design and the more extensive site preparation requirements;

(c) The competitive international tender for the renovation work has been brought forward to mid-2018 (instead of 2019), given that several areas of work have been identified that do not require staff relocations, such as renovations of the conference rooms, the cafeteria and the archives. Those areas of work can therefore be carried out in parallel with the construction work on the new building, which helps to fast-track the project schedule.

19. The Advisory Committee enquired as to the implications of those changes in the schedule of the construction and renovation phases for the overall project schedule and cost. The Committee was informed that more detailed development of the design and implementation strategy, especially regarding the interconnectivity of some building systems from the current Palais des Nations buildings and the new building, had led to the fast-tracking of the project schedule, which had resulted in a lower overall risk of delay to the schedule. The Committee was also informed that, whereas the overall duration of the new building works had increased by 10 months, planning for the renovation work on the current buildings could begin earlier than originally scheduled, during the time when the construction of the new building was planned to be in progress, and that might result in a lower overall risk to the project schedule. The Committee was further informed that the Secretary-General foresaw no adverse financial implications for the overall project cost stemming from the change in schedule. **The Advisory Committee trusts that more information, including on the potential impact on the financing schedule, will be provided to the General Assembly in this regard at the time of its consideration of the report of the Secretary-General.**

20. **With regard to the proposed revisions to the project schedule, the Advisory Committee, drawing upon lessons from the implementation of the capital master plan project, considers that keeping the project on schedule is critical in order to avoid any potential cost overruns and therefore stresses the need for the Steering Committee to ensure continuous monitoring and assurance of the project's progress within the established timeline and budget.**

III. Project costs

A. Changes in the cost plan

21. The Secretary-General indicates that the overall estimated project cost remains unchanged at SwF 836.5 million and provides a revised yearly cost plan based on the completed detailed design. According to the Secretary-General, subsequent to the development of the design work, a higher level of detail with regard to activities and the cost data became available, and the earlier cost plan was revised on the basis of these newly available data (ibid., paras. 57-59 and table 1). In the supplementary information provided to the Advisory Committee, it is indicated that the cost plan reflected in the report of the Secretary-General is based on 2016 prices. The cost plan was confirmed, upon enquiry, to be up to date as at June 2016. In the supplementary information it is also indicated that one of the key elements

reflected in the revised cost plan is the partial absorption of previously projected escalation amounts into the respective areas of the cost plan, which has resulted in an increase in the base cost of new construction and renovation works. The Secretary-General indicates that the practice of absorbing the previously estimated escalation for a particular year into the realized cost of that year will continue to be followed for the duration of the project (ibid., para. 61). Tables 1 and 2 provide the project cost plan proposed by the Secretary-General in his previous and current reports, respectively (A/70/394 and A/71/403). Upon request, the Committee was provided with the changes reflected in the project cost plan in the current report of the Secretary-General in comparison with his previous report, which are shown in table 3.

Table 1

Projected summary cost plan for the strategic heritage plan project from 2014 to 2023, as set out in document A/70/394

(Thousands of Swiss francs)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Construction of new building	–	–	–	43 222.3	57 629.7	9 604.9	–	–	–	–	110 456.9
Renovation work	–	–	–	–	–	93 494.3	81 994.0	32 120.6	86 075.9	58 534.3	352 219.1
Dismantling of seven floors of building E	–	–	–	–	–	–	–	19 721.9	–	–	19 721.9
Associated costs	–	–	560.0	486.2	6 680.7	9 351.8	21 898.1	2 054.9	2 937.0	9 029.6	52 998.3
Consultancy services	12 760.1	23 327.4	25 622.7	7 866.2	10 788.8	9 028.1	8 618.1	7 927.6	6 471.6	5 814.1	118 224.7
Project management	1 212.3	2 942.7	4 355.5	4 315.3	4 335.3	4 349.3	4 365.5	4 335.2	4 335.2	4 335.2	38 881.5
Contingencies	–	1 000.0	2 322.5	12 841.8	17 324.3	17 886.4	13 636.8	7 071.4	11 701.4	8 132.5	91 917.1
Escalation	–	–	231.1	1 670.3	3 811.7	8 128.7	9 508.5	6 480.7	11 791.7	10 457.8	52 080.5
Total	**13 972.4**	**27 270.1**	**33 091.8**	**70 402.2**	**100 570.5**	**151 843.5**	**140 021.0**	**79 712.2**	**123 312.8**	**96 303.5**	**836 500.0**

Table 2

Projected summary cost plan for the strategic heritage plan project from 2014 to 2023, as set out in document A/71/403

(Thousands of Swiss francs)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Construction of new building	–	–	–	31 966	52 611	29 412				–	113 989
Renovation work	–			–	10 301	38 905	138 383	54 887	111 928	4 075	358 478
Dismantling of seven floors of building E	–							10 895	9 080		19 975
Associated costs	–		252	1 537	4 240	11 332	13 205	11 038	9 229	1 727	52 559
Consultancy services	1 705	23 685	36 591	5 577	7 974	5 517	9 065	11 313	11 940	4 858	118 225
Project management	1 268	2 890	4 253	4 628	4 598	4 517	4 518	4 493	4 493	3 223	38 882
Escalation				336	1 638	3 201	8 949	6 601	12 741	1 390	34 857
Subtotal	**2 973**	**26 575**	**41 097**	**44 044**	**81 361**	**92 884**	**174 120**	**99 227**	**159 410**	**15 272**	**736 963**
Contingencies	–	–	1 953	5 797	10 629	15 263	16 531	18 655	21 209	4 170	94 207
Escalation on contingencies	–	–		45	234	568	888	1 334	1 851	410	5 330
Total	**2 973**	**26 575**	**43 050**	**49 886**	**92 223**	**108 715**	**191 539**	**119 216**	**182 470**	**19 853**	**836 500**

Table 3
Changes in project cost plan from document A/70/394 to document A/71/403
(Thousands of Swiss francs)

	2014 to 2016	2017	2018	2019	2020	2021	2022	2023	Total
Construction of new building	—	(11 257)	(5 019)	19 807	—	—	—	—	3 532
Renovation work	—	—	10 301	(54 589)	56 389	22 766	25 852	(54 460)	6 259
Dismantling of seven floors of building E	—	—	—	—	—	(8 827)	9 080	—	253
Associated costs	(308)	1 051	(2 441)	1 980	(8 694)	8 983	6 292	(7 303)	(439)
Consultancy services	271	(2 289)	(2 815)	(3 511)	447	3 386	5 468	(957)	—
Project management	(99)	313	263	168	153	158	158	(1 112)	—
Escalation	(203)	(1 019)	(1 464)	(3 902)	446	757	2 195	(8 069)	(11 259)
Subtotal	**(338)**	**(13 201)**	**(1 176)**	**(40 047)**	**48 741**	**27 223**	**49 044**	**(71 900)**	**(1 655)**
Contingencies	(1 369)	(7 045)	(6 695)	(2 624)	2 894	11 584	9 507	(3 963)	2 289
Escalation on contingencies	(29)	(270)	(476)	(457)	(117)	697	605	(588)	(635)
Total	**(1 736)**	**(20 516)**	**(8 347)**	**(43 128)**	**51 518**	**39 504**	**59 157**	**(76 451)**	—

22. In the supplementary information, the Secretary-General explains the significant changes in the revised cost plan reflected in his current report in comparison with his previous report, as follows:

(a) New permanent building: the cost of the new permanent building is estimated at SwF 113,989,636, excluding contingencies and escalations, an increase of SwF 3,532,000 compared with the estimated cost in the previous report. The increase has resulted from updated costs, the further development of the design and the preparation of tender documents;

(b) Renovation work: the cost of the renovation work is estimated at SwF 358,477,490, excluding contingencies and escalations, an increase of SwF 6,259,000 compared with the estimated cost in the previous report. The revised cost estimates are based on the more detailed design available during the current reporting period. The estimated costs for the renovation work on buildings A, D and S have increased and those for the remaining buildings, B, C and E, have decreased. The estimated provision for the cost of dismantling the top seven floors of building E (SwF 19,974,984, excluding contingencies and escalations) has increased by SwF 253,000;

(c) Escalation: the amount of overall escalation is estimated in the current report of the Secretary-General at SwF 40,187,000 (consisting of estimated escalation for the base project cost in the amount of SwF 34,857,000 and for the project contingency in the amount of SwF 5,330,000), a reduction of SwF 11,893,000 compared with the corresponding estimated escalation reflected in the previous report. The escalation amount is derived by applying the estimated annual escalation

rate[1] as a yearly compounded rate to all cost items for the remaining duration of the project. With each passing year, the duration of the project is reduced by one year and the total projected amount for escalation adjusted accordingly. Here, the project duration for which escalation is estimated is reduced from eight to seven years when compared with the project period considered in the previous report. The annual estimated escalation rate for the project remains unchanged in the current reporting period when compared with that applied in the previous reporting period;

(d) Project contingencies: based on risk analysis, the independent risk management firm estimated the overall probabilistic cost exposure at SwF 98,279,000 for the full duration of the project from 2014 to 2023, against which an overall contingency amount of SwF 94,206,646 (or 95.5 per cent of total identified cost exposure), excluding escalation, is included in the updated cost estimate for the full duration of the project. This compares with an overall probabilistic cost exposure of SwF 129,959,897, estimated in the previous reporting period, against which an overall contingency amount of SwF 91,917,087 (or 70.7 per cent of total identified cost exposure), excluding escalation, was included in the cost estimate for the full duration of the project for that reporting period (the Advisory Committee discusses project contingency in further detail in paras. 26 to 31 below).

23. The Advisory Committee recalls the views of the Board of Auditors that cost estimates for large capital projects should be transparent and open to verification, based on established industry guidelines set by internationally recognized standard-setting bodies and adjusted for local conditions, as necessary. The Committee also recalls its expectation that adjustments made to the project cost estimates on the basis of industry guidelines, if any, will be explained in the future progress reports of the Secretary-General (see A/70/608, para. 15).

24. **The Advisory Committee notes that, in the current report of the Secretary-General, the information regarding adjustments made to the project cost plan, especially in respect of the construction of the new building, the renovation of existing buildings, escalation and project contingencies, is not adequately explained in the update provided by the Secretary-General and requires further details and explanation. The Committee trusts that such additional information will be provided to the General Assembly at the time of its consideration of the report. The Committee further expects the presentation of such information in future progress reports of the Secretary-General to include complete and consolidated information, including justifications in respect of revisions made to specific cost components.**

25. **The Advisory Committee further considers that changes in specific cost estimates should be closely monitored by the project governance mechanisms with a view to ensuring that the overall project cost remains within the approved budget for the strategic heritage plan and trusts that updated information in this regard will be provided in future progress reports.**

[1] The estimated annual escalation rate is based on the official updated historical data provided by the Swiss Federal Statistical Office and future escalation forecasts.

B. Project contingency

26. The Secretary-General indicates that the independent risk management firm continues to review the provision for project contingency on the basis of the quantitative risk assessment and the refinement of the related mitigating actions. According to the Secretary-General, the risk contingency forecast provided by the firm is based on the estimated costs of the current risks and uncertainties relating to the project. Given the likelihood and potential impact of those risks, the firm calculates the recommended level of contingency provision required to complete the full scope of the project and achieve all its identified benefits and objectives (A/71/403, paras. 54 and 60). As indicated in paragraph 22 (d) above, an amount of SwF 94,206,646 is included as the overall contingency provision in the updated cost estimate for the full duration of the project from 2014 to 2023. In the supplementary information provided to the Advisory Committee it is indicated that the contingency amount currently assigned for the forthcoming project years from 2017 to 2023 is SwF 92,253,424, and, should the contingency amount for 2016 not be used until the end of 2016, the contingency provision of SwF 1,953,222 for 2016 would be carried over into 2017 and thus be included in future risk-based contingency assessments.

27. The Advisory Committee recalls that the General Assembly, in section X of its resolution 70/248 A, decided that unused contingency funds might be carried over to subsequent years and reallocated as new risks emerged and older risks were retired, consistent with industry best practice, and that all remaining unused contingency funds were to be returned to Member States at the conclusion of the project. In this regard, the Committee requested an annual breakdown of budgeted and unused contingency amounts from the outset of the project to the present. The Committee was provided with the information on unused contingency amounts as shown in table 4.

Table 4

Proposed budgeted contingency amounts in the reports of the Secretary-General

(Thousands of Swiss francs)

Report	Amount budgeted for year			Amount used	Retained in contingency account at end of reporting year
	2014	2015	2016		
A/68/372 (in 2013)	4 000[a] (contingency and escalation in 2014 and 2015)			—	No risk-based approach yet
A/69/417 and Corr.1 (in 2014)		1 000		—	No risk-based approach yet
A/70/394 and Corr.1 (in 2015)		1 000	2 351	—	1 000
A/71/403 (in 2016)			1 953	—	To be decided[b]

[a] In document A/68/372 an overall amount for contingency and escalation of SwF 4 million was estimated for the biennium 2014-2015. This approach was discontinued in document A/69/417 and Corr.1, when contingencies and escalation were shown separately, thus allowing individual cost tracking of both cost items.

[b] As indicated in table 1 of the second progress report (A/70/394 and Corr.1), contingencies were budgeted in the amount of SwF 1 million for 2015 and SwF 2,351,000 for 2016. No contingencies were spent during 2015, and the projected requirement for contingencies in 2016 also has decreased. Consequently, the Secretary-General presented an updated cost plan in table 1 of the third progress report (A/71/403), which shows the updated projected contingencies requirement for 2016 in the amount of SwF 1,953,000. This represents a decrease of SwF 1,398,000 in contingency requirements from 2014 to 2016, which could be seen as the amount of contingency carried over into the future period of the project.

28. The Advisory Committee was informed that the project contingency provisions presented in the successive progress reports of the Secretary-General were based on updated risk analysis and, in such presentations, the previously assigned but unused contingency amounts became part of the contingency provision reflected in the total cost plan of the project, separated from the base project cost.

29. The Advisory Committee recalls that, in the first progress report of the Secretary-General on the strategic heritage plan (A/69/417 and Corr.1), based on industry standards and the level of the project information available at that time, project contingencies were calculated as percentages of estimated cost components (20 per cent of estimated costs for renovation, associated costs and consultancies and 10 per cent of estimated costs for new construction and the dismantling of the E building office tower). Later, in his second progress report (A/70/394 and Corr.1), the estimation of contingency amounts was refined as follows: 10 per cent for new construction, 18 per cent for renovation and dismantling works, 5 per cent for associated costs and 5 per cent for consultancy fees and related costs. On the basis of this calculation, the overall project contingency amount was established during the concept design phase and, in line with the paper of the Board of Auditors on lessons from the United Nations capital master plan (A/71/5 (Vol. V), annex I), the available project contingency amount was allocated through a robust risk analysis process. The allocated project contingency amount represented 70.7 per cent of the overall project contingency amounts determined through the risk analysis process (see para. 21 above and A/70/7/Add.8, paras. 41-42). In the current report of the Secretary-General, the estimated project contingency amount for the full duration of the project equals 95.5 per cent of the total cost exposure identified by the risk management firm (see para. 22 above).

30. **The Advisory Committee notes that the basis for estimating project contingency amounts has been evolving from the beginning of the planning and development stages of the strategic heritage plan project and the overall project contingency amounts estimated for the project and the annual allocations have varied in each successive progress report of the Secretary-General. The Committee also notes that, in his most recent report, the Secretary-General has based the estimated project contingency amount on quantitative risk assessment in line with industry best practice and, in this respect, the Committee is of the view that, as the project moves forward, a consistent approach to estimating the project contingency amounts is required to ensure full accountability and transparency.**

31. **The Advisory Committee further notes that, thus far, no use of the estimated project contingency amounts has been reported by the Secretary-General and considers that, in view of the provisions of section X of General Assembly resolution 70/248 A regarding unused contingency funds, a year-by-year account of budgeted, used and carried-forward project contingency amounts needs to be clearly presented in future progress reports of the Secretary-General.**

IV. Project financing

A. Host country loan agreement

32. Pursuant to section X of resolution 70/248 A, in which the General Assembly welcomed the loan package offered by the Government of Switzerland, approved the financing of the project in part through a loan at a zero interest rate from the host country and authorized the Secretary-General to formally apply for the loan in the amount of SwF 400 million, the Secretary-General formally applied for the loan from the host country in January 2016. In this regard, the Advisory Committee was informed that the loan had been approved in September 2016. The Secretary-General indicates that part of the loan, repayable over 50 years, would cover the eligible costs of the new construction work during the period 2017-2019, namely construction and consultancy service costs, which were estimated at SwF 125.1 million, including escalation. The remainder of the loan, in the amount of SwF 274.9 million and repayable over 30 years, would be used for eligible costs of the renovation work, namely construction and consultancy service costs, including escalation (A/71/403, paras. 63-65 and table 3).

B. Appropriation and assessment

33. The General Assembly, in section X of its resolution 70/248 A, decided to revert to the establishment of an assessment scheme and currency of appropriation and assessment for the strategic heritage plan at the main part of its seventy-first session and requested the Secretary-General to provide updated detailed information on those issues. In this respect, the Secretary-General indicates that part of the project cost, amounting to SwF 360.3 million, is not covered by the loan amount and is to be financed by Member States separately from the repayment of the loan. This amount

comprises part of the construction cost of the new building (SwF 3.9 million), part of the renovation cost of the existing buildings (SwF 175.0 million) and associated costs, contingencies and project management costs (SwF 184.9 million). The Secretary-General also indicates that the amounts to be funded from Member State contributions would be reduced by any voluntary contributions received towards elements within the scope of the project, as well as other realized income (ibid., paras. 68-69) (see paras. 47-48 below).

34. The Advisory Committee was informed, upon enquiry, that, as a result of the revised updated cost plan, the estimated resource requirements for the construction of the new building, including escalation, had increased by SwF 3.9 million compared with the corresponding projection made in the previous report. The Committee was also informed that the loan amount for the construction of the new building was time-bound and to be applied to costs incurred specifically in 2017, 2018 and 2019. Consequently, costs incurred or accrued for consultancy services related to the new building from 2014 to 2016 were required to be covered by Member State assessments, and other costs such as consultancy services relating to defects, liabilities and quality control that might accrue after the completion of the construction work would also have to be financed by such assessments. **The Advisory Committee notes with concern that the cost estimate for the construction of the new building has undergone an upward revision, resulting in the loan amount not covering the full cost of construction. Given that the loan is time-bound, the Committee further notes the importance of strict adherence to the approved project schedule and stresses that the project governance mechanisms should make every effort to avoid any slippage in the project schedule, cost overruns and the requirement for possible additional funding.**

1. Scheme of appropriation and assessment

35. The Secretary-General proposes three options for appropriation and assessment in relation to the financing of the project and discusses their relative merits and benefits (A/71/403, paras. 70-80, figs. II to IV and annex I). The options are as follows: a one-time up-front appropriation and assessment; multi-year appropriation and assessment; and a one-time up-front appropriation, with a mix of one-time and multi-year assessments. **The Advisory Committee reiterates its view that the options mentioned above constitute a policy matter to be decided upon by the General Assembly (see A/70/7/Add.8, para. 66) (see also para. 40 below).**

2. Currency of appropriation and assessment

36. The Secretary-General proposes two options in respect of the currency of appropriation and assessment: United States dollars and Swiss francs (A/71/403, paras. 81-86). **The Advisory Committee reiterates its view that the options for the currency of appropriation and assessment constitute a policy matter to be decided upon by the General Assembly (see A/70/7/Add.8, para. 68).**

C. Negative interest rates

37. The Secretary-General indicates that, subsequent to the discussions between UNOG and the Swiss-based banking partners of the United Nations, it is anticipated that the risks relating to negative interest rates might be mitigated through cash flow

management and negotiation of the threshold level. According to the Secretary-General, such a measure would mitigate the risk of negative interest rates being applied to the Organization's currency holdings, in particular under the option of yearly appropriation and assessment, and in respect of loan payments, through the disbursement of funds in several varying instalments throughout each year to match the specific cash-flow requirements of the project (A/71/403, para. 87). The Advisory Committee recalls that the Secretary-General had indicated in his previous report that holdings in Swiss francs above a certain threshold (usually SwF 10 million) were subject to negative interest rates in accordance with the monetary policy of the Swiss National Bank and that the United Nations was not exempt from such charges (see A/70/394, para. 107). The Committee was informed, upon enquiry, that there had been no change with regard to the monetary policy and, thus far, the Organization had paid SwF 36 and SwF 174 during the first and third quarters of 2016 (see also A/70/7/Add.8, para. 69).

38. The Advisory Committee recalls that the General Assembly, in section X of its resolution 70/248 A, requested the Secretary-General, in the context of his next progress report, to include detailed information on possible measures that could be taken to avoid negative interest rates being applied to the currency holdings of the United Nations. Upon enquiry, the Committee was informed that UNOG had negotiated with the commercial banks that currently held its deposits a higher threshold level for deposits, above which those banks would pass on the negative charges to the United Nations, provided that the deposits were short term in nature and no additional changes were made by the Swiss National Bank in that regard. The Committee was also informed about the steps taken by other entities of the United Nations towards managing negative interest rates, which included negotiating with commercial banks for a higher threshold, above which negative interest rates would be applied, opening multiple bank accounts and negotiating a higher limit for each account and entering into a package deal with the commercial banks, the terms of which would allow the Organization to maintain a certain volume of investments that could be bundled with deposit accounts. The Committee recalls that it considered that the holdings of the United Nations for the strategic heritage plan project should not be subject to negative interest rates and expected every effort to be made by the Secretary-General to avoid losses to the Organization (see A/70/7/Add.8, para. 70). **The Advisory Committee considers that the Secretary-General should intensify his efforts to avoid negative interest charges being applied to the Organization's currency holdings.**

D. Multi-year special account

39. The Secretary-General continues to propose a multi-year special account for the duration of the project until 2023, after which the project finances would be included in the programme budget for the relevant periods (A/71/403, paras. 88-90). The Advisory Committee recalls that the General Assembly, in section X of its resolution 70/248 A, decided to revert to the establishment of the multi-year special account at the main part of its seventy-first session. **The Advisory Committee reiterates that it recommends the establishment of a multi-year special account for the strategic heritage plan (see A/70/7/Add.8, para. 71).**

E. Cash-flow risk

40. As mentioned in paragraph 35 above, the Secretary-General has proposed multi-year appropriations and assessments as an option for the scheme of appropriations and assessments to be considered by the General Assembly. He indicates that some cash-flow risk is inherent in this specific option, while the other two options proposed by him (a one-time up-front appropriation and assessment and a one-time up-front appropriation, with a mix of one-time and multi-year assessments) provide for the capacity to respond to cash-flow requirements that may arise in the implementation of the project. The Secretary-General proposes that, should the Assembly decide on the establishment of a multi-year special account for the project, the strategic heritage plan be granted access to the working capital fund of the programme budget established under financial regulation 4.2 and to the special account to mitigate the risks inherent in the option for multi-year appropriations and assessments (A/71/403, paras. 91-92). **The Advisory Committee is of the view that, at this stage, pending a decision of the General Assembly on the scheme of appropriation and assessment, its consideration of a mitigating measure for a possible cash-flow risk is not needed.**

F. Alternative funding opportunities

1. Valorization of United Nations-owned land

41. The General Assembly, in section X of its resolution 70/248 A, reiterated the importance of ensuring that alternative funding mechanisms were factored into the overall financing scheme in order to reduce the assessments of Member States and requested the Secretary-General to provide detailed information in his next progress report on the next steps towards identifying additional sources of income through, among other things, the valorization at market price of land owned or occupied by UNOG, including but not limited to that currently occupied by the Club international de tennis, the Fondation de l'École internationale de Genève and the Parc des Feuillantines. In this respect, the Secretary-General indicates that, to identify the realizable valorization potential of viable plots of land from among the 12 parcels of land owned or operated by UNOG, a comprehensive independent valorization study was undertaken through a consultancy company. Six parcels of land were determined to have valorization potential: those currently housing the United Nations Training Centre, the Club international de tennis, the Fondation de l'École internationale de Genève and the Parc des Feuillantines (ibid., paras. 93-115). A table showing plots of land owned or occupied by the United Nations and their current status was provided to the Advisory Committee, upon its request, and is annexed to the present report.

42. On the basis of the independent valorization study, the Secretary-General indicates that the existing real estate portfolio could yield additional income for the Organization through the long-term leasing of land, should investment be made by the Organization in additional up-front development activities. He also indicates that such income could be realized during the coming 5 to 10 years and, if approved by the General Assembly, be used to reduce appropriation and assessed contributions from Member States to fund the strategic heritage plan project (ibid., para. 116).

Valorization team

43. The Secretary-General highlights that the planning and implementation of the possible valorization strategies do not lie within either the core mission or the competency of the United Nations, and no precedents for such real estate transactions exist within the Secretariat (ibid., para. 117). He indicates that the implementation of valorization strategies would require access to relevant subject-matter expertise and the significant investment of time and financial resources by the Organization. In this respect, he proposes the establishment of a dedicated valorization team consisting of a Project Coordinator (P-4) and an Administrative Assistant (General Service (Other level)), to be supported by specialist consultancy firms in the areas of real estate advisory services, architectural design and planning services and legal services. According to the Secretary-General, the team will be required for an initial period of three years, beginning on 1 January 2017. The annual cost for the team is estimated at $641,600, and is proposed to be financed initially from the rental income of UNOG (currently $1.2 million per year) and subsequently from income generated by the valorization of land (ibid., paras. 118-119 and table 4).

44. The Advisory Committee was informed, upon enquiry, that the above-mentioned valorization strategies had been developed with the involvement of the Director-General of UNOG, the Director of Administration of UNOG, senior management within the project team, senior officers from UNOG and the Office of Legal Affairs, and the leadership of the Office of Central Support Services and the Office of Programme Planning, Budget and Accounts in New York. To continue with the further development and implementation of such strategies, dedicated resources and expertise would be required to carry out relevant detailed and time-consuming tasks, which would entail effective collaboration throughout the Organization in respect of legal, financial, procurement and strategic real estate matters, in both Geneva and New York. The Committee was also informed that keeping the strategic heritage plan project within the approved schedule and budget required the full dedication of the plan project team and, as such, deploying staff members from that team for tasks relating to valorization would prove counterproductive. The Committee was further informed that neither UNOG nor Headquarters currently had the capacity to perform the valorization-related tasks.

45. **The Advisory Committee notes the constraints expressed by the Secretary-General, in particular the absence of prior experience within the Organization in terms of developing plans for and coordinating the implementation of feasible valorization projects. The Committee nevertheless recommends against the establishment of a dedicated valorization team to carry out such tasks. Instead, the Committee recommends the use of expert consultancy services for this purpose, to be funded under section 29 of the programme budget.**

Club international de tennis

46. On a related matter, the Secretary-General indicates that a part of one of the parcels of land owned by UNOG is currently leased to the Club international de tennis and that the buildings and grounds therein were built and are maintained by it. The lease contract expired at the end of 2015 and was extended for a subsequent period of a year. The Secretary-General also indicates that, early in 2016, the new presidency of the Club informed UNOG of its intention to legally challenge the

decision not to renew the lease on a long-term basis (ibid., paras. 103-104). Upon enquiry, the Advisory Committee was informed that an interim arrangement was being devised to avoid costly arbitration for both sides. **The Advisory Committee is of the view that the challenging of the lease agreement is not justified and trusts that the interim arrangement will reflect the current market value of the land area occupied by the Club international de tennis, keeping in view the best interests of the Organization.**

2. Donations

47. The General Assembly, in section X of its resolution 70/248 A, approved the donation policy as described in the report of the Secretary-General (A/70/394 and Corr.1), subject to the observations of the Advisory Committee in paragraphs 35 and 36 of its report (A/70/7/Add.8). In his current report, the Secretary-General provides updated information on the implementation of the policy and indicates that the policy covers any voluntary contribution to UNOG that will assist in achieving the overall objectives of the project, offsetting costs and/or enhancing the infrastructure of the Palais des Nations beyond the scope of the plan (A/71/403, paras. 120-122). Upon enquiry, the Committee was informed that the policy had been amended to reflect the observations of the Committee, as approved by the Assembly.

48. The Advisory Committee recalls that the General Assembly, in section X of its resolution 70/248 A, requested the Secretary-General to remain proactive in seeking both voluntary and in-kind contributions from Member States, as well as donations by private entities, in full compliance with all relevant rules and regulations of the Organization, in order to reduce the overall assessments on Member States. The Secretary-General provides an account of the donations received in the context of the strategic heritage plan and indicates that they were received on the understanding that they would be used for specific purposes, such as renovating conference rooms, enhancing energy efficiency and upgrading and repurposing villas and other historical features on the grounds of the Palais des Nations (ibid., para. 122). **The Advisory Committee welcomes the donations made in the context of the implementation of the strategic heritage plan and trusts that all donations and related reductions in assessments, if any, will continue to be reported in future progress reports of the Secretary-General.**

3. Rental income

49. The Secretary-General indicates that the annual income from the rental of premises at UNOG is currently $1.2 million and that, subsequent to the anticipated relocation of 700 staff members of the Office of the United Nations High Commissioner for Human Rights (OHCHR) to the Palais des Nations at the end of the strategic heritage plan project, additional rental income, corresponding to the current rental expenditure for those staff members whose positions are funded from extrabudgetary sources, will become available (ibid., paras. 133-134). The Advisory Committee was informed, upon enquiry, that, subsequent to the relocation of the OHCHR staff from Palais Wilson and the Giuseppe Motta building to the Palais des Nations, part of the regular and auxiliary maintenance costs, currently undertaken by the respective landlords, would have to be financed from the regular budget, but were not readily quantifiable at that time. The Committee recalls that the Secretary-General had indicated that the annual cost of rent, maintenance and the provision of

safety and security at the leased facilities for OHCHR staff members at Palais Wilson and the Giuseppe Motta building was approximately SwF 9 million. As a result of the move of those staff members to the Palais des Nations, the anticipated occupancy by the staff members funded from the regular budget would lead to reduced requirements for rent under section 29 F, Administration, Geneva, and for security under section 34, Safety and security, of the programme budget, and the anticipated occupancy by the staff members funded from extrabudgetary resources would lead to an increase in rental income under income section 2, General income. However, the changes in the level of resources under the three sections of the programme budget would be known only after the completion of the project, taking into account the prevailing rental rates and the actual number of additional occupants under each of the funding sources. The Secretary-General had also indicated the increase under income section 2 could be applied towards the repayment of the loan after the completion of the project, should the offer of the loan be accepted. **The Committee reiterates its view that the General Assembly may wish to request the Secretary-General to propose ways of factoring future rental income into the overall scheme of financing of the strategic heritage plan project in his next progress report (see A/70/7/Add.8, paras. 75-77).**

V. Other considerations

A. Security considerations

50. The Secretary-General indicates that the project team has coordinated security requirements for the project with relevant stakeholders, including the Security and Safety Section of UNOG and the Department of Safety and Security at Headquarters and host country authorities, throughout the project (A/71/403, para. 143). The Advisory Committee recalls that the Secretary-General had drawn upon two categories of lessons learned from the capital master plan concerning security: physical perimeter security and operational security. Concerning perimeter security, the Secretary-General had indicated that the strategic heritage plan project had taken into account related issues and avoided risks. Concerning operational security, it was indicated that additional security officers would not be required, given that the staff at UNOG would be located in swing space at the existing campus (see A/68/585, para. 72). In his current report, the Secretary-General indicates that the security threat level in the host country was upgraded in July 2016, and accordingly, the Office, in close liaison with the Department of Safety and Security, is actively engaged in developing a security master plan for the compound. He also indicates that Member States will be informed about the outcome of this exercise in due course (A/71/403, para. 145). **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide security-related assessments no later than at the seventy-third session of the Assembly.**

B. Contracting strategy and lessons learned

51. The Secretary-General provides information on the contracting strategies for the two phases of the project, comprising a single construction phase for the new permanent building and a single renovation phase for the existing buildings, in

paragraphs 135 to 142 of his report. According to the Secretary-General, the delivery method for the contract for the construction of the new building will continue to follow the traditional design-bid-build approach, in which all design elements will be fully completed before the issuance of a construction tender, and this approach is expected to provide for a greater level of price certainty at the time of contract award compared with other possible methods. He also indicates that the delivery method for the renovation part of the project will follow an engineer-and-construct approach, which allows the contractor to complete key technical elements of the final engineering design before the commencement of construction work. According to the Secretary-General, in view of the lessons learned from the capital master plan, this approach is intended to minimize the extent and number of construction change orders relating to the design by assigning singular responsibility to the contractor for verifying and completing the final engineering design and measuring field conditions. The Advisory Committee was informed, upon enquiry, that the engineer-and-construct approach had led to lower contingency amounts estimated on the basis of risk assessments and, as the project progressed, would contribute to minimizing a number of previously identified risks to the project in terms of both cost and time. The Committee recalls the views of the Board of Auditors that the application of lessons from the implementation of construction and renovation projects of the Organization is not an end in itself and should not be reduced to mere procedural compliance. The true value of the lessons would lie in how effectively they are actually used to monitor the execution of the project, which would be evident only as the implementation progresses (see A/70/569, para. 18).

52. The Advisory Committee also recalls that the General Assembly, in section X of its resolution 70/248 A, endorsed the Committee's recommendation to request the Secretary-General to continue to identify lessons learned, taking into account best practice recommendations compiled by the Board, and to provide updated information on their application in the context of the next progress report. **The Advisory Committee therefore expects that the strategic heritage plan project will continue to draw lessons from the implementation of other capital projects of the Organization, especially in the areas of procurement and contracting and monitoring of timelines for specific project activities and costs, and integrate such lessons into the implementation of the project. The Committee looks forward to receiving relevant information in this regard in future progress reports of the Secretary-General.**

VI. Conclusions and recommendations

53. The actions requested of the General Assembly are set out in paragraph 149 of the report of the Secretary-General. **Subject to its comments and recommendations in the above paragraphs, the Advisory Committee recommends that the General Assembly:**

(a) Take note of the report of the Secretary-General and the progress made since the issuance of the second annual progress report of the Secretary-General (A/70/394 and Corr.1);

(b) Approve the establishment of a multi-year special account for the project;

(c) Approve the establishment of one new position of Procurement Officer (P-4), effective 1 January 2017.

54. The Advisory Committee reiterates its view that the scheme and currency of appropriation and related assessment for the strategic heritage plan constitute policy matters to be decided upon by the General Assembly.

55. Pending a decision of the General Assembly on the scheme and currency of appropriation and related assessment for the strategic heritage plan, as well as on the establishment of a multi-year special account for the project, the Advisory Committee does not provide any specific recommendation regarding the approval of authorization for the strategic heritage plan to access the working capital fund established under financial regulation 4.2 and the special account.

56. The Advisory Committee recommends against the approval of the establishment of a dedicated valorization team to develop plans for and coordinate the implementation of feasible valorization projects. Instead, the Committee recommends the use of expert consultancy services for this purpose, to be funded under section 29 of the programme budget.

Annex

Plots of land owned or occupied by the United Nations Office at Geneva

A. Parcels with no realistic valorization potential

Parcel	*Approximate area (m²)*	*Description of current use and status*	*Current lease arrangements*	*Expiry date of current lease arrangements*	*Estimated land valorization potential*
5220	247,622	Parc de l'Ariana. This is owned by the Canton of Geneva and the territory is governed by the Agreement between the United Nations and the Swiss Confederation on the Ariana Site, of 1946, with all usage rights held by the United Nations. The Palais des Nations is located on this plot. Within the buildings of the Palais des Nations, a number of occupants have leases, including about 30 funds, agencies and other organizations, several commercial entities (bank, post office, travel agency, bookshop, caterer, etc.) and more than 40 journalists and media-related organizations. The size of the spaces leased range from some 600 m² to 8 m².	Numerous leases of floor space	Various arrangements depending on nature of entity	None
2071	53,403	Parcel of historic parkland within the United Nations security perimeter on which a part of building E sits, as do Villa La Pelouse and its annex. It is therefore undevelopable.			
2100	4,428	United Nations beach. This is located in a green zone on the lakeshore. Construction is prohibited unless in the public interest.			
243	17,949	Parc Moynier. This is a lakeside public park governed by the Agreement between the United Nations and the Swiss Confederation on the Ariana Site, of 1946. All usage rights lie with the Canton of Geneva (in return, the United Nations has full usage rights of the Parc de l'Ariana, on which the Palais des Nations is located).	Not applicable		
244	48,736	Parc de La Perle du lac. This is a lakeside public park, governed by the Agreement between the United Nations and the Swiss Confederation on the Ariana Site, of 1946 (just as plot No. 243).			
2072	152	This is a small parcel of land adjacent to a major railway and the Parc de l'Ariana, including a tunnel under the railway. The plot is too small to realistically develop and is surrounded by undevelopable land.			

B. Parcels with realistic valorization potential

Parcel	Approximate area (m²)	Description of current use and status	Current lease arrangements	Expiry date of current lease arrangements	Estimated land valorization potential
434	17,698	Area 1 — Club international de tennis (13,908 m² — leased on a 10-year lease from the end of 2005)	SwF 15,000 per annum[a]	Lease expired at the end of 2015 and extended for a year until the end of 2016. Currently in dispute.	Very high, in conjunction with part of plot No. 435, area 2, below
		Area 2 — École internationale de Genève (3,790 m² — leased since 1977 and used as a school football pitch). Its income is included under plot No. 435 below.	Leased for SwF 75,000 per annum[a]	2017, after which it will increase to SwF 100,000 per annum until 2019	Limited
435	68,623	Area 1 — École internationale de Genève (7,782 m² — leased since 1969 and on which a primary school building has been constructed and is maintained)			
		Area 2 — 7,315 m² part of the plot that is within the existing development zone 4 (immediate construction potential)	None	Not applicable	Included above in plot No. 434, area 1
		Area 3 — 45,585 m² — Villa La Fenêtre and remainder of park. The new building is to be partially located on this plot, meaning, potentially, only the villa could be leased in the long term with some surrounding land. The security stand-off distance can be resolved if a reconstruction of the United Nations security perimeter is necessary.	One-year lease of office space to non-Secretariat entity at United Nations Office at Geneva standard rate (144 m² — $93,804)[a]	May 2017	Moderate

Parcel	Approximate area (m²)	Description of current use and status	Current land encumbrance	Expiry date of current land encumbrance	Estimated land valorization potential
2009	11,600	United Nations Training Centre — This is in constant day-to-day use by the United Nations and sister organizations. Its valorization potential could be realized through the development of a replacement training centre building (the existing one is near the end of its life and not within the scope of the strategic heritage plan). Other possibilities could be added, such as office space. This site is considered a strategic asset and therefore should not be disposed of.	None	Not applicable	Moderate
2005	17,421	Parc des Feuillantines — parkland forest designated as a green zone, adjacent to plot No. 2079			High
2079		Villa Les Feuillantines — A nineteenth-century villa and its garden, which currently houses some United Nations security staff and the Office of the United Nations Ombudsman and Mediation Services. The United Nations Women's Guild also uses some rooms in the attic. These users are to be relocated to the Palais des Nations.			
2080		Parc des Feuillantines — A small area of parkland designated as a green zone, adjacent to plot No. 2005			

[a] Included within net income of $1.2 million per annum, reported under income section 2, for the biennium 2016-2017.